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RUEHMN/AMEMBASSY MONTEVIDEO 5853  
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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 002197

SIPDIS

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TAGS: [ASEC](#) [BL](#) [PGOV](#) [PHUM](#) [PINR](#) [PREL](#) [PTER](#)  
SUBJECT: SANTA CRUZ: WORN DOWN AND DISPIRITED

Classified By: A/EcoPol Chief Brian Quigley for reasons 1.4 (b),(d).

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SUMMARY  
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¶1. (C) Emboff met with Santa Cruz political, civic and business leaders on October 7-8. The mood within the Santa Cruz leadership is dispirited. All believe that the Movement Towards Socialism (MAS) constitutional referendum will pass and that it will be almost impossible to defeat Morales' constitutional project. The regional opposition finds itself without a plan B after the breakdown of the Cochabamba dialogue observed by UNASUR (South American countries), the European Union, and the Catholic Church. End summary.

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CIVIC COMMITTEE  
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¶2. (C) Mario Bruno, Santa Cruz Civic Committee President Branko Marinkovic's Chief of Staff, told Emboff that the regional opposition is "disoriented" and do not know how to proceed. The government's constant violations of democratic principles and political witch hunts are taking their toll according to Bruno. "There is no Bolivian institution left capable of telling Evo enough is enough," said Bruno, "and the government acts with impunity." Bruno is convinced that legislation for a constitutional referendum will be passed by congress and that the new constitution will be approved by voters. "Somehow we will keep pushing our agenda but Santa Cruz' fury has now turned into fear after Prefect Leopoldo Fernandez arrest." Bruno commented that Branko Marinkovic will make a series of international trips to try and bring attention to the opposition's position but also because his personal safety is at risk in Bolivia.

¶3. (C) Bruno thinks that the regional opposition will capitulate rather than enter into a civil war. "We are not

street fighters, we are not radicals like the government's backers. We do not want blood to be spilt." Bruno also discounted the possibility of military action or a coup attempt, asking "why would the military risk their salaries and pensions?" Bruno sees two factors that will hopefully put a check on Morales' "dictatorial" plan: pressure from Brazil and the eventual economic crisis in Bolivia. "If Lula would put direct pressure on Evo and if the economy continues to go south then Evo will be weakened. However, the drug economy is going to act as a buffer to the formal economy's crisis."

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PREFECTURE  
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¶4. (C) Prefect Ruben Costas' brother and personal advisor Alberto (Beto) Costas told Emboff that he is sure the constitutional referendum will be approved. "We do not have the capacity to stop it and if we boycott it we will go the way the Venezuelan opposition went." Beto Costas envisions a united campaign for the "no" vote similar to the recent constitutional referendum vote in Venezuela. "Santa Cruz entrepreneurs who thought they could do business with this government are now realizing the government's true intention is to destroy them. They need to fund the "no" campaign." Costas accuses the national government of "dirty fighting" and admits that he and others in the prefectural government are "worn down."

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¶5. (C) Costas also touched on Brazil and the economic situation in Bolivia. He hopes that President Lula will make good on his invitation to meet with Ruben Costas and wants to continue to broaden their relationship with the Brazilian Embassy in La Paz. Costas is counting on a weak economic forecast to hit Morales hard. "Mineral prices are down, agricultural commodities are down, and we are starting to see signs of a run on dollars. Those things coupled with the loss of ATPDEA related jobs will bring pressure on Morales right around the proposed date of the constitutional referendum." Like Bruno, Costas mentioned that the Bolivian drug economy will act as a "shock absorber" to any economic down turn.

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BUSINESS LEADERS AND ANALYSTS  
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¶6. (C) Former Ambassador and businessman Joaquin Dabdoub complained that the opposition "acts based on personal interests." Dabdoub said the national government is very capable of capitalizing on this to weaken and divide the opposition. Dabdoub lamented the "tremendous amount of racism that Morales interjects" and expressed fear that "Evo will get his way." Ferrovial Oriental (a Genesse and Wyoming train company) General Manager Jaime Valencia thinks that "Evo will be around for at least another five years" and admitted to sometimes wishing "that the government would just nationalize us so the company can take its investment out of Bolivia." Talk show host and political analyst Julio Cesar Caballero told Emboff that "we have lost our spirit to fight" and that "we are at the point of giving in." Caballero had harsh words for national political party Podemos and is convinced "they will sell out and pass the constitutional referendum." Caballero said that the regional opposition does not have a plan B but that it is obvious to everyone involved that the "we'll leave you alone if you leave us alone" strategy will not work. Caballero closed by saying that he hasn't completely given up hope "because if we lose hope we might as well just leave the country."

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COMMENT  
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17. (C) The Santa Cruz establishment is at a loss as to what to do next. While not quite to the point of resigning themselves to a new constitution, the opposition risks a complete breakdown in their movement unless it does something to reinvigorate itself soon. End comment.

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